

Message Text

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ACTION ARA-10

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FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC 2630

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E.O. 11652: N/A

TAGS: EINV, BEXP, CS

SUBJECT: PROPOSED ESTABLISHMENT OF PRVC PLANT IN COSTA RICA

REF STATE 18341. REGRET SECSTATE INADVERTENTLY OMITTED FIRST
TRANSMISSION.

FOL SENT ACTION USDOC WASHDC INFO AMEMBASSY MANAGUA JANUARY 8,
1976 RPTD FOR YOUR ACTION:

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E.O. 11652: N/A

TAGS: EINV, BEXP

SUBJECT: PROPOSED ESTABLISHMENT OF PVC PLANT IN COSTA RICA

DEPT PASS OPIC FOR MANSBACH

COMMERCE FOR MAJOR EXPORT PROJECTS DIVISION

1. ALTHOUGH NOT YET PUBLIC KNOWLEDGE, IN LATE DECEMBER
MINISTRY OF ECONOMY, INDUSTRY AND COMMERCE APPROVED
INDUSTRIAL CONTRACT GRANTING CLASSIFICATION A STATUS UNDER
CENTRAL AMERICAN AGREEMENT ON FISCAL INCENTIVES TO
INDUSTRIAL DEVELOPMENT TO RESINAS PLASTICAS, S.A. (REPLASA)
FOR ESTABLISHMENT OF A POLY-VINYL CHLORIDE (PVC) PLANT TO
BE LOCATED NEAR LIMON ON COSTA RICAN ATLANTIC COAST. PROJECT
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SUBMITTED BY CORPORACION DE DEVELOPMENT AGENCY.

2. PLANT WOULD BE DESIGNED TO PRODUCE 20,000 METRIC TONS OF PVC ANNUALLY, BEGINNING PRODUCTION 1978. ESTIMATED INVESTMENT IS \$14 MILLION WITH ONE-THIRD TO BE FINANCED BY CODESA, ONE THIRD BY COSTA RICAN PLASTICS INDUSTRY ASSOCIATION AND ONE THIRD BY ONE OF THE FOLLOWING COMPANIES WHICH WERE PRE-SELECTED BY CODESA:

B.F. GOODRICH CHEMICAL CO., 6100 OAK TREE BLVD., CLEVELAND, OHIO 44141; DIAMOND SHAMROCK CHEMICAL CO., 1100 SUPERIOR AVE., CLEVELAND, OHIO 44131; UNIROYAL INTERNATIONAL DIVISION OF UNIROYAL INC., OXFORD MANAGEMENT AND RESEARCH CENTER, MIDDLEBURY, CONN. 06749.

3. ONCE CONTRACT PUBLISHED IN OFFICIAL GAZETTE, WHICH COULD OCCUR IN TWO-THREE WEEKS, CODESA WILL SELECT ONE OF THREE FIRMS PARA 2 ABOVE TO DO FEASIBILITY STUDY. COMPANY SO SELECTED WILL HAVE FIRST PREFERENCE TO PARTICIPATE IN PROJECT.

4. POLYCASA, NICARAGUAN PVC PLANT, HAS APPEALED REPLASA PROJECT APPROVAL ON GROUNDS POLYCASA IS CENTRAL AMERICAN INTEGRATION INDUSTRY FOR PVC AND APPROVAL OF ANOTHER PLANT NOT CONSISTENT WITH GOCR TREATY OBLIGATIONS. MINISTRY SOURCES BELIEVE THAT PRESIDENT SOMOZA HAS FINANCIAL INTEREST IN POLYCASA. IF SO, GOCR APPROVAL THIS PROJECT COULD BECOME ISSUE BETWEEN COSTA RICA AND NICARAGUA.

5. SUGGEST COMMERCE DRAW ON SUBSTANCE FOREGOING IN ADVISING PRESELECTED US COMPANIES STATUS THIS PROJECT. IN CASE OF B.F. GOODRICH, ROBERT J. LEGERWOOD, DIRECTOR OF ENGINEERING PRODUCTS, TEL. (216) 379-3200, EXPRESSED INTEREST THIS PROJECT WHILE IN COSTA RICA IN EARLY NOVEMBER WITH OPIC INVESTMENT MISSION TO CENTRAL AMERICA. TODMAN

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Margaret P. Grafeld
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